GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1314
ANSWERED ON:07.03.2008
REVERSE MORTGAGE SCHEME
Sarvey Shri Sathyanarayana

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has initiated reverse mortgage scheme for senior citizens; and

(b) if so, the details thereof?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI PA WAN KUMAR BANSAL)

(a) & (b) : Pursuant to the announcement made in the Budget for 2007-08, the National Housing Bank (NHB) formulated the guidelines for the Reverse Mortgage Loan (RML) Scheme for Senior Citizens and placed it on its website for implementation by banks and Housing Finance Companies registered with it. Some of the main features of the scheme are as under:

Under RML scheme a Senior Citizen above 60 years of age can avail a loan against the mortgage of his/her house while remaining the owner and occupying the house.

The Senior Citizen borrower is not required to service the loan during his/her lifetime.

The loan amount may be used by the borrower for varied purposes including up-gradation/ renovation of residential property, medical exigencies, etc. However, use of RML for speculative, trading and business purposes is not permissible.

On the borrower`s death or on the borrower leaving the house property permanently, the loan is to be repaid along-with accumulated interest through sale of the house property.

The borrower(s) or his/her/their heir(s) also have the option of prepaying the loan at any time during the loan tenure or later.